



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



PDC 449, Revised Procedures for Logistics Accountability During Maintenance - Disallows Use of Inventory Adjustment Transaction (DAC) for Physical Movement of Materiel

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PDC 449, Revised Procedures for Logistics Accountability During Maintenance - Disallows Use of Inventory Adjustment (DAC) for Physical Movement of Materiel

GOAL:

- Support DOD 4140.1-R policy and draft DODM 4140.01 policy by releasing an approved change for PDC 449, eliminating the Inventory Adjustment - Supply Condition Code Change transaction (947I/DAC) as mechanism to trigger physical movement of assets from a storage activity (e.g., co-located distribution depot) to the maintenance depot; and from the maintenance depot to the storage activity.
- Understand which Service(s) this change impacts (i.e., who uses the DAC for this purpose), so that implementation timeline can be addressed in the ADC for that Service(s).



PDC 449, Revised Procedures for Logistics

Accountability During Maintenance - Disallows Use of Inventory Adjustment (DAC) for Physical Movement of Materiel

Three Key Areas of PDC 449:

1. Eliminating authorization to use an Inventory Adjustment (Dual - Supply Condition Code Transfer) Transaction as a means to move materiel from a storage activity into a maintenance facility (i.e., DAC to "M"), and back again, in favor of using accountable issue and receipt transactions for moving assets to and from maintenance. [MAIN FOCUS of PDC 449]
2. Management Code V - Materiel intended for immediate transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures)
3. Procurement Instrument Source MILSTRAP DICs D4G,



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AREA 1: Eliminating authorization to use an Inventory Adjustment (DAC) to 'move' asset

- Eliminate authorization to use Inventory Adjustment (Dual - Supply Condition Code Change) (947I/DAC) as a means to move materiel from a storage activity into a maintenance facility (i.e., DAC to "M"), and back again, in favor of using accountable issue and receipt transactions for moving assets to and from maintenance.
- Rationale: When a DLA Distribution Depot "DACs" an asset from SCC A to SCC M, as a means to show the item has moved to maintenance, the asset remains on the DLA storage activity record in SCC M, even though asset is not in their custody.
 - Violates DOD accountability policy
 - Noncompliance with policy is an audit readiness issue

- Does not relieve storage activity of accountability for asset not in their custody



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POLICY - DOD 4140.1-R, May 2003:

C5.7. ITEM ACCOUNTABILITY, CONTROL, AND STEWARDSHIP

- C5.7.1.1.2. The storage activity is responsible for the content, changes, and accuracy of the inventory held under its control.
- C5.7.1.1.4. Storage activities shall be accountable for the accuracy of that portion of the total item property record showing the quantitative balance in their custody. The application of AIT may improve the timeliness, accuracy, and efficiency of inventories by enabling use of machine-readable

materiel identification and supporting serialized item tracking



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POLICY - DODM 4140.01 (DRAFT):

2. ITEM ACCOUNTABILITY AND CONTROL

c. In-Storage Accountability

(1) The DoD Component that has physical custody of materiel in storage will also maintain accountability for that materiel in that DoD Component's system of record, regardless of which DoD Component owns the materiel. Materiel will not be maintained in more than one accountable system of record.

(3) The storage activity is responsible for the content, changes, and accuracy of the inventory held under its control. The record or record set identifies the quantity, condition, and value of the item assets for each organizational entity having physical custody of those assets. When feasible, item records will satisfy applicable unique item identification requirements.

(4) Storage activities will be accountable for the accuracy of that portion of the total item property record showing the quantitative balance in their custody. Leverage the application of automatic identification

technology (AIT) to improve the timeliness, accuracy, and efficiency of inventories by enabling use of machine-readable materiel identification and



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POLICY - DODM 4140.01 (DRAFT) CONTINUED...

e. In-Repair Accountability

(1) Organic maintenance facilities will assume accountability of materiel upon receipt at the maintenance facility and while in its custody during maintenance actions using applicable standard logistics processes as prescribed in Defense Logistics Manual (DLM) 4000.25-2, DLM 4000.25 Volume 2, and DLM 4000.25-1 (References (o), (p), and (q)). Accountability extends through receipt, storage until repair, repair, modification, disposal, and shipment of repaired assets back to the receipt at the storage activity.



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- Open Question to be answered by each Service today if known, or as an action item **by APRIL 25, 2013**, if not known:
 - Which Service(s) currently use the 947I/DAC Inventory Adjustment – Dual (SCC Change) for the physical movement of assets from a storage activity (e.g., co-located DLA Distribution Depot) to a Maintenance Depot, and back?
- Information is needed to address implementation timeframes in the ADC



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AREA 2: Management Code V- Materiel intended for immediate transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures.

- Management Code V was originally approved so that when owners relocated materiel from a remote storage activity to a storage activity collocated with the maintenance activity, prior to sending the item to maintenance, as required by the procedures, the Due-in, prepositioned (PMR), and Receipt transactions for controlling such relocations could be coded to identify that materiel was intended for immediate issue to maintenance. The intent of Management Code V was that processing techniques triggered by Management Code V could be used to preclude physical storage of the materiel pending its release to the maintenance activity.
- By PDC 449 DLA Logistics Management Standards Office proposed deletion of the Management Code and asked that



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Management Code V continued...

- Subsequent to staffing PDC 449, question raised whether it would be beneficial to reserve Management Code V for an issue from receiving process. Code V could be useful to DLA when materiel is received by the Co-Located Storage Activity from a non Co-Located Storage Activity and a “pass through” (issue at receipt) to the maintenance (Agent) is desired rather than receipt, stowing and then issuing.
- However, a standard DLMS solution is desirable for Issue from Receiving which currently does not exist.



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- After further consideration, Management Code V will be retained as a placeholder RESERVED for 'Materiel intended for immediate transfer to maintenance, by ICP directed release or maintenance induction, in accordance with agreed procedures'; with footnote stating that:
 - Management Code V is not implemented and implementation is on hold subject to future development of a standard DLMS solution for procedures for issue from receiving.
 - When a PDC is developed for a standard solution for issue from receiving, consideration should be given to expanding the management code for broader 'issue from receiving' use, not limited to maintenance, if it is deemed appropriate.
 - An "end date" will be identified for reserving code V for this purpose; If no PDC is under development by 31 Dec 2014, for a DLMS Issue from Receiving process, code V will be



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AREA 3: Procurement source DICs D4G, D4H, D4L, and D4N

- By PDC 449, DLA Logistics Management Standards Office proposed deletion of the DICs D4FG, D4H, D4L, and D4N.
- Subsequent to staffing PDC 449 responses, a question was raised whether these four DICs should be retained and used as the appropriate transactions when Government Furnished Materiel is involved, to support reparable GFP.
- At this time, we believe that all DICs employed for organic maintenance should have an equivalent DIC for commercial maintenance to ensure proper monitoring and accounting of GFM. Because the contract number applicable to the GFM must be identified for proper accounting of GFM it would not be appropriate to record these returns using the corresponding non-procurement source receipt transactions.



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AREA 3: Procurement source DICs D4G, D4H, D4L, and D4N continued...

- Due to their current lack of use, it is possible that the correct DIC may not be applied for all receipts of GFM returned to the Government. Components are asked to review current procedures and confirm that GFM returns are identified to the appropriate contract number using the correct DIC.
- Further research is required to determine if any of these DICs are obsolete due to policy.
- It is understood that the use of D4H (Materiel Receipt - Procurement Instrument Source (Furnished Materiel for Consumption)) conflicts with guidance for the use of Plant Clearance Automated Reutilization Screening System (PCARSS) for return of unused GFM , however, we believe

that the DIC should be retained for use by exception should the need arise



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NEW AREA 4: Revise definition for SCC M

- DLA Logistics Management Standards Office notes that the definition for SCC M needs revision for consistency with current DOD policy and elimination of the 947I/DAC as a means to move assets to maintenance.
- SCC M - SUSPENDED (IN WORK)
 - CURRENT DEFINITION: Materiel identified on inventory control record but which has been turned over to a maintenance facility or contractor for processing.
 - PROPOSED DEFINITION to support DOD policy and approval of PDC 449 elimination of 947I/DAC to move assets to maintenance:
Materiel ~~identified on inventory control record but which has been turned over to~~ **in work at an organic or contractor** maintenance facility ~~or contractor for processing~~.
- Approved change for PDC 449 will document this



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BACKUP SLIDES



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POLICY - DODM 4140.01 (DRAFT)

d. In-Transit Accountability

(1) The owning DoD Component directing materiel into an in-transit status will retain accountability for that materiel (to include resolution of shipping and other discrepancies) until the consignee or receiving activity formally acknowledges receipt. Commercial carriers and intermediate distribution nodes, though not accountable for the materiel, are responsible for the care of materiel in transit to minimize and eliminate loss or damage of cargo as described in Reference (k).

(2) An accountable record of in-transit materiel will be retained by the owning DoD Component until the consignee or receiving activity formally acknowledges receipt.



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(2) The owning DoD Component will maintain accountability for materiel in a contractor's possession for repair. The contractor will have stewardship of the materiel according to the requirements in Part 52.245-1 of the Federal Acquisition Regulation (Reference (r)) and associated clauses, terms, and conditions.

(a) When a contractor has stewardship, the owning DoD Component, with assistance from the organization providing contract administration support, must ensure that the appropriate systems are in place to manage (control, use, reserve, protect, repair, account for, and maintain) government property in the contractor's possession.

(b) The stewardship includes all government furnished property, including items furnished for repair, and remains until the repaired assets are returned to and received by the DoD Component.

(3) Disassembled items not subsequently reassembled in the same maintenance action at either organic or contractor repair will be added or updated to the accountable records within 2-3 business days of disassembly at the field and depot-level (contractor or organic). Accountable records for classified and NWRM items will added or updated within 24 hours. Permanently disassembled accountable equipment must be reported to the cognizant accountable property office.



Maintaining Supply Accountability During Organic Depot Level Maintenance

<u>DIC</u>	<u>DOCUMENT TITLE</u>	<u>EXPLANATION</u>
D4 G	Materiel Receipt - Procurement Instrument Source (Destructive Test/Evaluation)	Return to inventory of unused items originally issued to a commercial activity for destructive test/evaluation.
D4H	Materiel Receipt - Procurement Instrument Source (Furnished Materiel for Consumption)	Return to inventory of Government-owned materiel previously furnished to a commercial activity to be consumed or expended during the manufacturing or maintenance process but not so consumed or expended. Excludes return of materiel furnished for incorporation in the deliverable item but not so incorporated.
D4L	Materiel Receipt - Procurement Instrument Source (Assembly/ Disassembly/Reclamation/ Conversion/Modification)	Return to inventory of assembled items, components from disassembled or reclaimed items, or converted or modified items originally issued to a commercial activity for assembly, disassembly, reclamation, conversion, or modification. Includes return of Government-owned materiel furnished for incorporation in the deliverable item but not so incorporated. Excludes return of repaired or tested/evaluated items and of materiel expected to have been consumed or expended during the manufacture or maintenance process.
D4 M	Materiel Receipt - Procurement Instrument Source (Repair or Non-Destructive Test/ Evaluation)	Return to inventory of items previously issued to a commercial activity for repair or nondestructive test/evaluation.
D4N	Materiel Receipt - Procurement Instrument Source (Loan)	Return to inventory from authorized commercial activity of materiel on loan. Includes return of Government-owned equipment furnished to a commercial activity for use in performing a contract.



Maintaining Supply Accountability During Organic Depot Level Maintenance

DIC	TITLE	EXPLANATION
D6G	Materiel Receipt - Other Than Procurement Instrument Source (Destructive Test/Evaluation)	Return to inventory of unused items originally issued to a Government activity for destructive test/ evaluation.
D6H	Materiel Receipt - Other Than Procurement Instrument Source (Government-Furnished Materiel for Consumption)	Return to inventory of materiel previously furnished to a Government activity for consumption during the manufacturing or maintenance process but not so consumed or expended. Excludes return of materiel furnished for incorporation in the deliverable item but not so incorporated.
D6L	Materiel Receipt - Other Than Procurement Instrument Source (Assembly/Disassembly/ Reclamation/Conversion/Modifi-cation)	Return to inventory of assembled items, components from disassembled or reclaimed items, or converted or modified items originally issued to a Government activity for assembly, disassembly, reclamation, components from disassembled or reclaimed conversion, or modification. Includes return of materiel furnished for incorporation in the deliverable item but not so incorporated. Excludes return of repaired or tested/evaluated items and of materiel expected to have been consumed or expended during the manufacture or maintenance process.
D6M	Materiel Receipt - Other Than Procurement Instrument Source (Repair/ or Non-destructiveTest/Evalutaion)	Return to inventory of repaired or tested/evaluated items previously issued to a government activity for repair or nondestructive test/evaluation.
D6N	Materiel Receipt - Other Than Procurement Instrument Source (Loan)	Return to inventory of materiel on loan from authorized non-commercial recipient. Includes return of Government-owned equipment furnished to a non-commercial activity for use in performing a contract.



D9A Attributed as Losses Due to Condition Code M After a Period of Time.

ARMY CO-LOCATED CC-'M' LOSS ADJUSTMENTS			
SITE	Count of NIIN	Sum of ADJ_QTY	Sum of ADJ_DOLLAR_VALUE
DLA Distribution Corpus Christi TX	9	22	\$801,861.00
Grand Total	9	22	\$801,861.00

Caveats:

- Not conclusive that these can be directly attributable to the maintenance consumption of these assets, but it is the closest we can get to that perception
- Limited to data pool to draw on